

STRATEGIC PLAN

HOUSING AND COMMUNITY DEVELOPMENT FIVE YEAR STRATEGIC PLAN - 2005 - 2009

Introduction

This part of the Consolidated Plan describes the state's goals, objectives and strategies for addressing housing and community development needs for the 2005-2009 five-year period.

This Strategic Plan is built from the framework established by the Washington State Department of Community, Trade and Economic Development's (CTED) 2005-2011 Strategic Plan. The four key goals from CTED's Strategic Plan are maintained as the key goals for this 2005-2009 Consolidated Plan's Strategic Plan. This Strategic Plan is also coordinated with the state's Affordable Housing Advisory Board (AHAB) five-year plan. By coordinating and integrating these strategic planning efforts, wherever feasible, CTED minimizes duplication, provides clarity regarding roles and responsibilities, and helps ensure that future actions complement and enhance each other as CTED and AHAB move forward to achieve the stated goals, objectives and strategies.

The Consolidated Plan's strategies are the result of an assessment of housing, community and economic development needs across the state, the review of available resources and the effort to be responsive to local priorities.

CTED Mission

CTED invests in Washington's communities, businesses and families to build a healthy and prosperous future.

CTED Key Goals

1. Grow a diversifies and sustainable economy
2. Advance the health, safety and social well-being of families and communities.
3. Protect and enhance Washington's cultural and natural heritage.
4. Be a results-oriented, world-class agency whose leadership and vision are valued by its customers.

The first three goals identify how CTED will accomplish its mission through the state. The fourth goal relates to CTED's organizational strategy. CTED consists of six divisions, of which three are directly involved in administering CTED's HUD funded programs: Economic Development Division, Housing Services Division, and Local Government Division.

HUD Statutory Program Goals

CTED's goals are consistent with and support the HUD goals identified in Title 1 of the Housing and Community Development Act of 1974 (as amended):

1. Decent housing
2. A suitable living environment
3. Expanded economic opportunity

Strategic Planning Process

With the key goals and objectives established by CTED's agency-wide strategic planning process, additional objectives and strategies in support of these goals were then developed to establish the Consolidated Plan's Strategic Plan. The Strategic Plan was developed after an assessment of data and public input on housing and community development needs and priorities, as described in this Plan's Needs Assessment section. In summary, the strategies were developed based on:

- Review of program funding trends and outcomes
- Five regional Community Meetings
- Four regional Public Hearings
- Intra- and interagency consultation
- AHAB strategic planning process
- Data from the WSU Washington Center for Real Estate Research
- 2000 Census and HUD's Comprehensive Housing Affordability Strategy (CHAS) data book
- Housing and community development needs surveys
- Review of program opportunities and obstacles

Strategic Plan Format

A table for each of the four key goals is presented. Within each table and under each goal are listed the related objectives and the strategies to implement each objective. The Strategic Plan tables also list the HUD area of need and specific CTED program impacted by each strategy. Rather than presenting the housing and community development strategies separately, they are integrated in the Strategic Plan, reflecting that a healthy community consists of housing, infrastructure, community services and an economic base. A section on performance measures cross-referenced to the strategies and organized by HUD area of need follows the four goal tables.

The HUD areas of need include:

Community Development Economic Development Farm Worker Housing Homeless Homeownership	Institutional Structure Lead-Based Paint Rental Housing Special Needs housing
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The HUD and CTED resources listed include:

ADDI = American Dream Down payment Initiative CDBG = Community Development Block Grant ESAP= Emergency Shelter Assistance Program EDLF = CDBG-Funded Economic Development Loan Funds FarmWrkr = Farmworker Housing and Infrastructure Loan Program	HMIS = Homeless Management Information Systems HOME = HOME Partnership Investments HTF = Housing Trust Fund SHP = WX = Weatherization
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Table II-1: Goals / Objectives / Strategies

2005-2009 Consolidated Plan Goals / Objectives / Strategies	HUD Area of Need	HUD and CTED Resources
GOAL 1: GROW A DIVERSIFIED AND SUSTAINABLE ECONOMY. Objective A: Enhance the ability of local leaders and their key partners to achieve community and economic development goals.		
Objective B: Build local capacity to ensure community leaders and economic development professionals are well trained, networked and have access to sound community and economic data. Strategy 1): Provide technical assistance to identify sources of funds for non-profit lending partners and local revolving loan funds to expand their lending capacity to counties currently underserved.	Econ. Dev.	EDLF CDBG
Objective C: Foster comprehensive planning and funding for infrastructure and amenities to achieve Growth Management goals and attract economic investment. Strategy 1): Enhance the capacity of communities to successfully plan, fund and complete priority capital projects with planning grants, technical assistance and funding for capital projects. Strategy 2): Promote opportunities to leverage and coordinate planning and local capital project funding with other funding programs. Strategy 3): Use technical and funding assistance to support the preservation of local cultural, historic and environmental resources from project development through implementation of a community project. Strategy 4): Target the strategic investment of CDBG funds where there is a compelling need for public assistance; a solution that is supported by the local government, citizens and regulatory agencies; the local capacity for implementing and maintaining the project; and the readiness to proceed.	Comm. Dev. Comm. Dev. Comm. Dev. Comm. Dev.	CDBG CDBG CDBG CDBG

2005-2009 Consolidated Plan Goals / Objectives / Strategies	HUD Area of Need	HUD and CTED Resources
GOAL 1: GROW A DIVERSIFIED AND SUSTAINABLE ECONOMY.		
Objective D: Improve the ability of small communities to secure funding and effectively manage capital projects.		
Strategy 1): Coordinate with funding partners to improve access to information on funding opportunities and project management requirements.	Comm. Dev.	CDBG
Strategy 2): Invite internal and external funding partners to participate in technical assistance and funding workshops.	Comm. Dev.	CDBG
Strategy 3): Provide exemplary technical assistance and ensure regular, direct contact with local governments and their associations.	Comm. Dev.	CDBG
Strategy 4): Allow maximum CDBG grants for projects that address public health and safety issues or provide necessary gap financing, and that adequately justify the need for the maximum amounts, while maintaining the ability to award amounts less than originally requested.	Comm. Dev.	CDBG
Strategy 5): Increase the use of CDBG Float-Funded Activity Grants as a method of providing additional project funding.	Comm. Dev. Econ. Dev.	CDBG EDLF
Strategy 6): Provide flexible grant and technical assistance using methods of distribution that ensure funds are available to respond to the wide variety of emerging community development needs as prioritized by local governments.	Comm. Dev.	CDBG

2005-2009 Consolidated Plan Goals / Objectives / Strategies	HUD Area of Need	HUD and CTED Resources
GOAL 1: GROW A DIVERSIFIED AND SUSTAINABLE ECONOMY.		
Objective E: Make strategic investments to finance infrastructure that increases the feasibility of sites for proposed or desired commercial and industrial development.		
Strategy 1): Use other flexible state and federal pass through resources to make strategic investments that support local priorities and needs of targeted sectors.	Econ. Dev.	EDLF
Strategy 2): Package and finance business start-up, retention and expansion projects using business lending capital available through CTED's financing programs.	Econ. Dev.	EDLF
Strategy 3): Concentrate business finance loans and activities on those small- and medium sized companies producing the highest wage/job ratio and fit within the department's targeted industry priority list and/or local priorities.	Econ. Dev.	EDLF
Strategy 4): Increase the availability of loan resources for businesses so that they can create/retain jobs that support/increase the average household income and economic activity in the areas served.	Econ. Dev.	EDLF
Strategy 5): To lend to businesses that increase the diversification of the economy in rural and high unemployment areas of Washington state when the result will help improve the standard of living in those areas.	Econ. Dev.	EDLF
Strategy 6): To increase the use of HUD 108 loans for large projects in rural Washington state – negotiate necessary safeguard conditions and an increased lending capacity limit with CDBG staff.	Econ. Dev.	EDLF
Strategy 7): Improve internal management of lending programs.	Econ. Dev.	EDLF

2005-2009 Consolidated Plan Goals / Objectives / Strategies	HUD Area of Need	HUD and CTED Resources
GOAL 1: GROW A DIVERSIFIED AND SUSTAINABLE ECONOMY. Objective F: Promote the state as a competitive place to do business and market to individual industry sectors. Strategy 1): Improve marketing of the department's business assistance products to increase coverage in rural Washington state.	Econ. Dev.	EDLF
Objective G: Fund and promote investment in home energy conservation and other sustainable building practices that preserve affordable housing and conserve local and state resources. Strategy 1): Create an integrated and coordinated one-stop housing preservation program for owner-occupied housing that pools HOME, HTF and CDBG funds for: emergency, minor and moderate repair, substantial rehab, energy efficiency, health and safety improvements.	Rental Hsg Homeowner	HOME HTF WX CDBG
Objective H: Increase the availability of safe, affordable housing for migrant and seasonal farm workers and their families. Strategy 1): Invest in a variety of sustainable housing options for migrant and seasonal farm workers, including permanent, temporary, and community-based emergency housing.	Rental Hsg Homeless	FarmWrkr HOME HTF

2005-2009 Consolidated Plan Goals / Objectives / Strategies	HUD Area of Need	HUD and CTED Resources
<p>GOAL 2: ADVANCE THE HEALTH, SAFETY AND SOCIAL WELL-BEING OF FAMILIES AND COMMUNITIES.</p> <p>Objective A: Increase the capacity of housing providers to develop and manage low-income housing more effectively and efficiently.</p> <p>Strategy 1): Invest HOME resources strategically, balancing the needs of the existing portfolio with funding requirements of new projects based on market conditions and needs with an overall priority of serving very low-income renter and homeowner households earning 50 percent of median family income or less.</p>	Rental Hsg Homeowner	HOME
<p>Objective B: Increase the opportunities available to very low-income, homeless and special needs households to achieve stable, affordable housing.</p> <p>Strategy 1): Direct resources to activities to prevent homelessness and enable people who are already homeless to quickly access housing and services, so they can transition to affordable permanent housing.</p> <p>Strategy 2): Target HOME rental development and preservation resources to transitional and supportive housing projects serving people who are homeless or who have special needs.</p> <p>Strategy 3): Reduce the housing cost burden on extremely low, very low-income and special needs renter households by directing HOME resources to activities that provide housing subsidies.</p>	<p>Homeless</p> <p>Homeless Special Needs</p> <p>Homeless Special Needs</p>	<p>ESG SHP ESAP</p> <p>HOME</p> <p>HOME</p>

2005-2009 Consolidated Plan Goals / Objectives / Strategies	HUD Area of Need	HUD and CTED Resources
<p>GOAL 2: ADVANCE THE HEALTH, SAFETY AND SOCIAL WELL-BEING OF FAMILIES AND COMMUNITIES.</p> <p>Objective C: Increase the capacity of communities to serve low-income individuals and families who do not have the resources to meet their needs.</p> <p>Strategy 1): Provide grant assistance through eligible local governments to support their partnerships with agencies/organizations that provide essential and locally prioritized public services.</p> <p>Strategy 2): Implement a coordinated fund reallocation plan for CDBG Public Service Grant and state Community Service Block Grant (CSBG) funds to address changes in CDBG entitlement status and shifts in demographics.</p> <p>Strategy 3): Seek stable state, federal or local resources to replace CDBG Public Service Grants that currently supplement Community Services Block Grants awarded to community action agencies.</p> <p>Strategy 4): Improve the technical assistance provided to support successful collaborations between CDBG eligible local governments and their subrecipients in the development and implementation of CDBG-funded projects.</p> <p>Strategy 5): Maintain CDBG application rating criteria to ensure funded projects will principally benefit low-and moderate-income persons.</p>	<p>Comm. Dev.</p> <p>Comm. Dev.</p> <p>Comm. Dev.</p> <p>Comm. Dev.</p> <p>Comm. Dev.</p>	<p>CDBG</p> <p>CDBG</p> <p>CDBG</p> <p>CDBG</p> <p>CDBG</p>

2005-2009 Consolidated Plan Goals / Objectives / Strategies	HUD Area of Need	HUD and CTED Resources
GOAL 2: ADVANCE THE HEALTH, SAFETY AND SOCIAL WELL-BEING OF FAMILIES AND COMMUNITIES. Objective D: Advance the educational and economic opportunities of low-income and vulnerable families in Washington State. Strategy 1): Use our business loan programs to increase the number of jobs available to low- and moderate-income individuals.	Economic Dev.	EDLF
Objective E: Protect public health and safety by requiring and funding a safe and healthy built environment. Strategy 1): Develop a program to reduce the incidence and impact of lead-based paint hazards in older housing, especially those occupied by young children. Strategy 2): Provide funding to upgrade water and sewer systems to protect public health and the environment in support of state and federal regulatory objectives. Strategy 3): Assess the need and appropriate fund allocation level for CDBG Imminent Threat Grant funding for emergency situations where there is a threat to public health and safety.	LB Paint Comm. Dev. Comm. Dev.	HOME CDBG CDBG
Objective F: Strengthen local capacity to maintain affordable home ownership. Strategy 1): Increase manufactured home safety, longevity and neighborhood compatibility when homeowners are dislocated from manufactured housing communities due to change of land use.	Homeowner	HOME
Objective G: Promote homeownership opportunities statewide for people at or below 80 percent of the median income. Strategy 1): Create and maintain a homebuyer program that provides homeownership opportunities for households at 80 percent of the median family income or below, with priority for disabled households at 50 percent of median family income or below.	Homeowner	ADDI HOME

2005-2009 Consolidated Plan Goals / Objectives / Strategies	HUD Area of Need	HUD and CTED Resources
GOAL 3: PROTECT AND ENHANCE WASHINGTON’S CULTURAL AND NATURAL HERITAGE.		
Objective A: Promote and preserve Washington’s cultural and natural assets.		
Strategy 1): Use the WA-CERT system in a way that promotes economic vitality and protects the state’s cultural and natural assets.	Comm. Dev.	CDBG
Strategy 2): Encourage downtown revitalization projects to incorporate Main Street ™, community design, historic preservation and growth management approaches during project development.	Comm. Dev.	CDBG

2005-2009 Consolidated Plan Goals / Objectives / Strategies	HUD Area of Need	HUD and CTED Resources
<p>GOAL 4: BE A RESULTS-ORIENTED, WORLD-CLASS AGENCY WHOSE LEADERSHIP AND VISION ARE VALUED BY ITS CUSTOMERS.</p> <p>Objective A: Develop and use a more sophisticated performance management system.</p> <p>Strategy 1): Enhance the management information system to establish baseline performance data, collect and report services for households by income levels, and establish and maintain an inventory of affordable housing for low-income households.</p> <p>Strategy 2): Use the best available performance measures and targets that drive desirable program and individual behavior.</p> <p>Strategy 3): Ensure resource decisions are made using good data and analysis.</p>	Institutional Structure	<p>HOME HTF HMIS</p> <p>CDBG ESG HOME HOPWA</p>
<p>Objective B: Ensure strong financial management and accountability as stewards of public resources.</p>		
<p>Objective C: Improve CTED's ability to best use information technology as a primary conduit to provide services to Washington's communities, businesses and families.</p> <p>Strategy 1): Help clients use their time and resources more efficiently by streamlining application, reporting, and program planning through web-based and other technology.</p>		<p>CDBG HOME</p>

Performance Measures and Initiatives

CTED collects data and assesses its performance in meeting the goals and objectives in the administration and distribution of its funds allocated by HUD. CTED both periodically and annually assesses its performance through the following activities:

- Ongoing review of its fiscal and beneficiary data submitted to HUD through HUD's Integrated Disbursement and Information System (IDIS) with each fund disbursement.
- An annual program review conducted in preparation for each year's Action Plan to this 2005-2009 Consolidated Plan.
- Development of the Consolidated Annual Performance Evaluation Report (CAPER) submitted to HUD.
- Specific activity evaluations from clients and program participants, such as at workshops and training sessions.
- Annual employee performance evaluations.
- Data tracking on specific performance measures and initiatives established by the Consolidated Plan and its annual Action Plans.

The council of State Community Development Agencies (COSCDA) of which CTED is a member, is spearheading an effort with several other national organizations of local and state grantees to refine a "Performance Outcome Measurement system" framework. The effort, which is in response to HUD's CPF Notice 03-09, is expected to lead to a comprehensive approach to the measurement of outcomes for HUD's four major community development formula grant programs: Community Development Block Grants, HOME Investment Partnerships Program, Emergency Shelter Grants, and Housing opportunities for Persons with AIDS. Once complete, the system will include objectives, outcomes and indicators for each type of activity undertaken with funds made available from these programs. Washington State plans to integrate its state-specific performance measures with this national system once it is finalized.

CTED has established the following performance measures and initiatives to quantify its progress in meeting the goals and objectives of this 2005-2009 Consolidated Plan. These performance measures are cross-referenced to the strategies listed above and are organized by HUD area of need:

Community Development
Economic Development
Farm Worker Housing
HIV AIDS

Homeless
Homeownership
Rental Housing

Table II-2: Performance Measures

Goal/Obj. /Strategy I.D.	Performance Measures	Year(s)
RENTAL HOUSING		
2.A.1)	Develop 26 units of multi-family rental for small related households at 30 percent or below of the area median income.	Annually 2005- 2009
2.A.1)	Develop 18 units of multi-family rental for small related households at 31 to 50 percent or below of the area median income.	Annually 2005- 2009
2.A.1)	Develop 9 units of multi-family rental for large related households at 30 percent or below of the area median income.	Annually 2005- 2009
2.A.1)	Develop 7 units of multi-family rental for large related households at 31 to 50 percent or below of the area median income.	Annually 2005- 2009
2.A.1)	Develop 24 units of multi-family rental for elderly households at 30 percent or below of the area median income.	Annually 2005- 2009
2.A.1)	Develop 35 units of multi-family rental for elderly households at 31 to 50 percent or below of the area median income.	Annually 2005- 2009
2.A.1)	Develop 3 units of multi-family rental for elderly households at 51 to 80 percent or below of the area median income.	Annually 2005- 2009
2.A.1)	Develop 22 units of multi-family rental for All Other households at 30 percent or below of the area median income.	Annually 2005- 2009
2.A.1)	Develop 16 units of multi-family rental for All Other households at 31 to 50 percent or below of the area median income.	Annually 2005- 2009
2.B.2)	Develop 22 units of supportive housing for non-homeless special needs households at 0 to 80 percent of the area median income.	Annually 2005- 2009
2.B.3)	Provide 710 households at 30 percent or below of the area median income with rental assistance.	Annually 2005- 2009
2.B.3)	Provide 90 households at 31 to 50 percent of the area median income with rental assistance.	Annually 2005- 2009
2.B.3)	Provide 240 homeless households or special needs households at 0 to 50 percent with rental assistance.	Annually 2005- 2009

Goal/Obj. /Strategy I.D.	Performance Measures	Year(s)
HOMEOWNERSHIP		
1.G.1)	Preserve 100 owner-occupied single family homes for households at 30 percent or below of the area median income.	Annually 2005- 2009
1.G.1)	Preserve 100 owner-occupied single family homes for households 31 to 50 percent of the area median income.	Annually 2005- 2009
2.A.1)	Assist 10 households at 31 to 50 percent of the area median income to become first time homebuyers.	Annually 2005- 2009
2.A.1)	Assist 36 households at 51 to 80 percent of the area median income to become first time homebuyers.	Annually 2005- 2009
2.A.1)	Assist 4 households at 0 to 50 percent of the area median income who are disabled become first time homebuyers.	Annually 2005- 2009
2.A.1)	Assist 15 minority households at 0 to 80 percent of the area median income become first time homebuyers.	Annually 2005- 2009
2.A.1)	Provide 6 to 10 mobile home park homeowners at 80 percent or below of the area median income with relocation assistance.	Annually 2005- 2009

Goal/Obj. /Strategy I.D.	Performance Measures	Year(s)
FARM WORKER HOUSING		
1.H.1)	Develop 60 units of permanent (year round) farm worker housing.	Annually 2005- 2009
1.H.1)	Develop 300 beds of seasonal housing for migrant farm workers.	Annually 2005- 2009
1.H.1)	Provide 1,000 bednights of emergency shelter for migrant farm workers.	Annually 2005- 2009

Goal/Obj. /Strategy I.D.	Performance Measures	Year(s)
HIV/AIDS		
2.B.1)	Provide 75 households with rental assistance.	Annually 2005- 2009

Goal/Obj. /Strategy I.D.	Performance Measures	Year(s)
HOMELESS		
2.B.1)	Develop 12 units of transitional housing and/or supportive housing for people who are homeless, including survivors of domestic violence.	Annually 2005- 2009
2.B.1)	Provide 1.2 million bednights of emergency shelter for homeless individuals and youth using resources from all available funds.	Annually 2005- 2009
2.B.1)	Provide 82,000 bednights of emergency shelter for homeless families with children using CTED resources only.	Annually 2005- 2009
2.B.1)	Provide 690,000 bednights of homelessness prevention assistance using resources from all available funds.	Annually 2005- 2009
2.B.1)	The percentage of homeless persons returning to emergency shelter within 2 years of their initial intake is significantly reduced over the next 5 years.	2009
2.B.1)	The percentage of homeless persons with increased income at program exit is significantly increased over the next 5 years.	2009

Goal/Obj. /Strategy I.D.	Performance Measures	Year(s)
COMMUNITY DEVELOPMENT		
1.C.1) 1.C.3)	Fund and manage at least 22 planning grants.	Annually 2005- 2009
1.C.1)	Offer at least 2 CDBG Grant Management Workshops, with one on the eastside and one of the westside of the state.	Annually 2005- 2009
1.C.2)	CDBG staff will participate in CTED's multi-program Resource Team on a semi-monthly basis, ensuring coordination with other CTED specialists in such areas as economic development, tourism, energy, international trade, growth management and historic preservation.	Annually 2005- 2009
1.C.2)	The CDBG Program will maintain or exceed an annual 1:1.85 leveraging ratio with funds or resources from other sources.	Annually 2005- 2009
1.C.2)	Complete an assessment of opportunities for streamlining joint CERB and CDBG funding.	2005
1.C.3)	Update CDBG project development and grant management materials to emphasize the advantages of early and thorough completion of NEPA Review requirements.	2005- 2006
1.C.3)	Assess the range of environmental review activities eligible for CDBG Planning-Only Grant funding.	2005
1.C.4)	Increase the average Need/Capacity/Readiness Ratio score of CDBG General Purpose Grant and Community Investment Fund applications from 78 in 2004 to 80 in 2005.	2005
1.D.2)	Establish an internal and external funding partners list and procedure for notification of CDBG workshops and technical assistance opportunities.	2005
1.D.6)	Based on historic funding trends and proposed funding allocations, CTED anticipates funding and managing about 67 CDBG projects, as listed by fund in the 2005 Action Plan.	2005
2.B.3) 2.C.1)	Fund and manage at least 10 public service grants.	Annually 2005- 2009
2.C.5)	Approximately 90% of CDBG funds will be awarded to projects that principally benefit low- and moderate-income persons.	Annually 2005- 2009
2.C.4)	Develop a sample CDBG Subrecipient Agreement for use by local government grantees.	2005- 2006
2.E.3)	Complete an assessment of the appropriate fund allocation level for CDBG Imminent Threat Grant.	2005
3.A.1) 1.D.6)	Fund at least 7 projects listed as a top three priority on the county's WACERT lists.	Annually 2005- 2009

Goal/Obj. /Strategy I.D.	Performance Measures	Year(s)
ECONOMIC DEVELOPMENT		
1.B.1) 1.E.4) 1.E.5) 1.F.1) 2.D.1)	Complete an assessment of local revolving loan funds and establish performance measures for 2006-2009.	2005
2.D.1) 1.E.3) 1.E.5)	Measure the number of jobs created/retained at or above the county average wage for the counties in which loans are made, and set a target goal of more than 50% of jobs created/retained at or above the county average wage.	Annually 2005- 2009
1.D.5)	Increase the amount of float loans outstanding to at least \$5 million.	2005
1.E.2)	Issue at least \$1.5 million in new RWLF loans.	2005
1.E.6)	Issue at least \$5 million in new HUD 108 loans.	2005- 2009
1.E.7	Complete transition to loan management software.	2005

HUD Tables for Consolidated Plans

HUD Table 1A: Homeless and Special Needs Populations

Continuum of Care: Housing Gap Analysis Chart				
		Current Inventory	Under Development	Unmet Need/ Gap
Individuals				
Beds	Emergency Shelter	3,431	112	2,744
	Transitional Housing	2,363	313	1,263
	Permanent Supportive Housing	4,475	339	4,636
	Total	10,269	764	8,643
Persons in Families With Children				
Beds	Emergency Shelter	2,201	135	1,157
	Transitional Housing	5,761	851	1,244
	Permanent Supportive Housing	1,399	135	2,208
	Total	9,361	1,121	4,609

Continuum of Care: Homeless Population and Subpopulations Chart				
Part 1: Homeless Population	Sheltered		Unsheltered	Total
	Emergency	Transitional		
1. Homeless Individuals	889	659	3,696	5,2044
2. Homeless Families with Children	411	1,114	1,822	3,347
2a. Persons in Homeless Families with Children	1,009	2,664	4,071	7,741
Total (lines 1 + 2a)	2,309	4,439	9,589	16,332
Part 2: Homeless Subpopulations	Sheltered		Unsheltered	Total
1. Chronically Homeless	768		1,460	2,228
2. Seriously Mentally Ill	1,603			
3. Chronic Substance Abuse	433			
4. Veterans	565			
5. Persons with HIV/AIDS	74			
6. Victims of Domestic Violence	1,355			
7. Youth	756			

Note: Complete information pending from Spokane, Seattle/King, Clark and Yakima.

HUD Table 1B: Special Needs (Non-Homeless) Populations

SPECIAL NEEDS SUBPOPULATIONS	Priority Need Level High, Medium, Low, No Such Need	Unmet Need	Dollars to Address Unmet Need	Goals (Annual)
Elderly	H	87,498	419 million	2
Frail Elderly	H	24,835	119 million	6
Severe Mental Illness	H	43,524	208 million	7
Developmentally Disabled	H	2,522	50 million	0
Physically Disabled	H	11,599	185 million	2
Persons w/ Alcohol/Other Drug Addictions	H	99,863	239 million	4
Persons w/HIV/AIDS	H	408	8 million	1
Other				
TOTAL				22

HUD Table 1C: Summary of Specific Homeless/Special Needs Objectives
(Table 1A/1B Continuation Sheet)

Obj #	Specific Objectives	Performance Measure	Expected Units	Actual Units
	Homeless Objectives			
2.B.	Increase the opportunities available to very low-income, homeless and special needs households to achieve stable, affordable housing.	Develop transitional and/or supportive housing units for people who are homeless, including survivors of domestic violence.	12 annually	
2.B.	Same	Provide bednights of emergency shelter for homeless individuals and youth using resources from all available funds.	1.2 million annually	
2.B.	Same	Provide bednights of emergency shelter for homeless families with children using CTED resources only.	82,000 annually	
2.B.	Same	Provide bednights of homelessness prevention assistance using resources from all available funds.	690,000 annually	
2.B.	Same	The percentage of homeless persons returning to emergency shelter within 2 years of their initial intake is significantly reduced over the next 5 years.	15 percent reduction	
2.B.	Same	The percentage of homeless persons with increased income at program exit is significantly increased over the next 5 years.	40 percent increase of HHs	
	Special Needs Objectives			
2.B.	Same	Provide HIV/AIDS households with rental assistance.	75	
2.B.	Same	Provide homeless households or special needs households at 0 to 50 percent with rental assistance.	240	

HUD Table 2A: Housing Priority Needs Summary Table

Introduction

Developing housing priority areas at the state level presents a challenge because specific needs and market conditions vary from city to city and within the state's 39 counties. The data presented in the Consolidated Plan provide evidence of how the state is geographically and economically diverse. The priority need level, by population group, tenure and income level, is presented in HUD Table 2A. To determine the relative priority of each HUD category, CTED considered the housing needs data as reflected in the 2000 Census, input received from the community during the regional meetings and public hearings, and the results of an informal survey on housing needs.

CTED views Table 2A as a broad categorization of housing need and has accordingly designated priorities in these general, broad categories as required by HUD. However, Table 2A is problematic because by designating a category as a Low priority, no activities could be funded by CTED using federal funds received through the CDBG, HOME, ESG or HOPWA programs. This removes the flexibility at the state level to respond to the particular housing and market needs of local communities. We heard general disagreement with this approach from stakeholder groups and more support for retaining flexibility at the state level. While priority should be directed to areas of greatest need, the state was encouraged to also have a balanced approach to addressing the continuum of housing needs.

Setting a priority that excludes projects targeting rent levels at 51 to 80 percent of median income may not work in all communities in the state. For example, the income of a household at 50 percent of median income living in Pend Oreille county (\$22,450 for 3 person household) is much lower than the income of a household at 50 percent of median living in King county (\$35,050 for 3 person household). A housing project pegging rents at 50 percent of median or lower in King county could charge \$876 while a similar project targeting the same income category in Pend Oreille could only charge \$561. Some projects decide to target rents at 60 percent of median income, in order to retain project viability.

Table 2A, by design, may be better suited for local jurisdictions like a city or county where it is easier to design and/or launch initiatives that fit local housing markets and conditions. The state's programs are in a unique position of having to address a much more widely divergent set of housing needs across the 39 counties in our state. A "one size fits all" priority would restrict the state's ability of supporting activities that may have a big impact in rural communities or communities with unique circumstances.

Another problem with Table 2A is that it is not specific enough to differentiate between types of housing need. For example, community input has been mixed regarding the Owner category, 0 - 30 percent of area median income. While there has been widespread support for giving a high priority for these extremely low income households, in some areas, respondents pointed out that it was very difficult for households earning 30 percent or below of the area median income to be able to become homeowners. They gave a Low or Medium priority to the Owner 0 - 30 percent income category. In other areas, respondents did not focus on homebuyer assistance. They focused on the need to preserve existing housing of extremely low-income homeowners and gave a High priority to the Owner 0 - 30 percent income category. The Owner category in Table 2A does not distinguish between a priority for a homebuyer assistance program and a priority for a homeowner assistance program. Instead Table 2A requires you to establish a priority for the general category of "Owner."

Part II Strategic Plan

Therefore, in designating priorities in Table 2A, CTED has chosen not to designate any Low priority categories. While there are no Low categories, we will continue to refine our planning process so that we can track and demonstrate how well we serve households making 50 percent or below of the area median. This will also include establishing goals and reporting on our progress in meeting the housing and service needs of extremely low-income households and those who are homeless. We are committed to making any necessary adjustments along the way and will seek and encourage public participation.

HUD Table 2A: Housing Priority Needs Summary Table

PRIORITY HOUSING NEEDS (households)		Priority Need Level High, Medium, Low		Unmet Need	Goals
Renter	Small Related	0-30%	H	33,155	26
		31-50%	M	9,301	18
		51-80%	M	1,308	0
	Large Related	0-30%	H	7,408	9
		31-50%	M	1,723	7
		51-80%	M	205	0
	Elderly	0-30%	H	15,939	24
		31-50%	H	7,518	35
		51-80%	M	3,471	3
	All Other	0-30%	H	43,056	22
		31-50%	M	11,239	16
		51-80%	M	1,912	0
Owner		0-30%	M	44,509	100
		31-50%	H	63,352	104
		51-80%	M	39,011	36
Special Needs		0-80%	H	270,249	22
Total Goals					422
Total 215 Goals					1,167
Total 215 Renter Goals					957
Total 215 Owner Goals					210

HUD Table 2B: Community Development Needs

Introduction

Developing community development priority areas at the state level presents a challenge because the specific needs vary from community to community within the state's non-entitlement counties. The data presented in the Consolidated Plan provide evidence of how the state is geographically and economically diverse. Also, according to HUD requirements in Title 1 of the Housing and Community Development Act of 1974, as Amended, Section 106(d)(2), the state CDBG Program is to fund only local governments that demonstrate the local prioritization and need for the proposed project.

CTED views Table 2B as a broad categorization of non-housing community development needs and has accordingly designated priorities in these general, broad categories as required by HUD. However, Table 2B is problematic because by designating a category as a Low priority, no activities could be funded by CTED using federal funds received through the state CDBG Program. This removes the flexibility at the state level to respond to the wide variety of community development needs prioritized by local governments. During consultation with local governments for the Consolidated Plan, we received broad support for retaining this flexibility and responsiveness at the state level. Following the federal intent of the state CDBG Program to address priorities established by the local governments, the CDBG Program ensures funding is targeted to areas of greatest need through the CDBG Program's program priorities and rating criteria described in its Action Plan.

Table 2B, by design, is better suited for local jurisdictions like a city or county, where it is easier to design and/or launch initiatives that fit local conditions. The state CDBG Program is in a position of having to address a much more widely divergent set of community development needs across the non-entitlement counties in our state. A "one size fits all" priority would restrict the state's ability of supporting activities that may have a big impact in rural communities or non-entitlement communities with unique circumstances.

Therefore, in designating priorities in Table 2B, CTED has chosen not to designate any Low priority categories. While there are no Low categories, we will continue to refine our technical assistance in project development and our rating and selection criteria to ensure that any project that the CDBG Program invests in is locally prioritized, addresses a high need, possesses the capacity for success, is ready to proceed, and will result in positive outcomes. In the Optional Fields, CTED has selected not to enter amounts, since local governments provide this type of information in their applications for state CDBG assistance. According to the Summary of Funds Allocated and Number of Projects table in the CDBG Action Plan, the state CDBG Program does anticipate funding at least 67 projects submitted by the eligible local governments in 2005.

HUD Table 2B: Community Development Needs

PRIORITY COMMUNITY DEVELOPMENT NEEDS	Priority Need Level High, Medium, Low, No Such Need	Unmet Priority Need	Dollars to Address Unmet Priority Need	Goals
		Optional Field	Optional Field	Optional Field
PUBLIC FACILITY NEEDS (projects)				
Senior Centers	M			
Handicapped Centers	M			
Homeless Facilities	M			
Youth Centers	M			
Child Care Centers	M			
Health Facilities	M			
Neighborhood Facilities	M			
Parks and/or Recreation Facilities	M			
Parking Facilities	M			
Non-Residential Historic Preservation	M			
Other Public Facility Needs	M			
INFRASTRUCTURE (projects)				
Water/Sewer Improvements	H			
Street Improvements	H			
Sidewalks	H			
Solid Waste Disposal Improvements	M			
Flood Drain Improvements	M			
Other Infrastructure Needs	M			
PUBLIC SERVICE NEEDS (people)				
Senior Services	M			
Handicapped Services	M			
Youth Services	M			
Child Care Services	M			
Transportation Services	M			
Substance Abuse Services	M			
Employment Training	M			
Health Services	M			
Lead Hazard Screening	M			
Crime Awareness	M			
Other Public Service Needs	M			
ECONOMIC DEVELOPMENT				
ED Assistance to For-Profits(businesses)	M			
ED Technical Assistance(businesses)	M			
Micro-Enterprise Assistance(businesses)	M			
Rehab; Publicly- or Privately-Owned Commercial/Industrial (projects)	H			
C/I* Infrastructure Development (projects)	H			
Other C/I* Improvements(projects)	M			
PLANNING				
Planning	H			

HUD Table 2C: Summary of Specific Housing/Community Development Objectives
(Table 2A/2B Continuation Sheet)

Obj No.	Specific Objectives	Performance Measure	Expected Units	Actual Units
	Rental Housing Objectives			
2.A.	Increase the capacity of housing providers to develop and manage low-income housing more effectively and efficiently.	Develop multi-family rental for small related households at 30 percent or below of the area median income.	26	
2.A.	Increase the capacity of housing providers to develop and manage low-income housing more effectively and efficiently.	Develop multi-family rental for small related households at 31 to 50 percent or below of the area median income.	18	
2.A.	Increase the capacity of housing providers to develop and manage low-income housing more effectively and efficiently.	Develop multi-family rental for large related households at 30 percent or below of the area median income.	9	
2.A.	Increase the capacity of housing providers to develop and manage low-income housing more effectively and efficiently.	Develop multi-family rental for large related households at 31 to 50 percent or below of the area median income.	7	
2.A.	Increase the capacity of housing providers to develop and manage low-income housing more effectively and efficiently.	Develop multi-family rental for elderly households at 30 percent or below of the area median income.	24	
2.A.	Increase the capacity of housing providers to develop and manage low-income housing more effectively and efficiently.	Develop multi-family rental for elderly households at 31 to 50 percent or below of the area median income.	35	
2.A.	Increase the capacity of housing providers to develop and manage low-income housing more effectively and efficiently.	Develop multi-family rental for elderly households at 51 to 80 percent or below of the area median income.	3	
2.A.	Increase the capacity of housing providers to develop and manage low-income housing more effectively and efficiently.	Develop multi-family rental for All Other households at 30 percent or below of the area median income.	22	
2.A.	Increase the capacity of housing providers to develop and manage low-income housing more effectively and efficiently.	Develop multi-family rental for All Other households at 31 to 50 percent or below of the area median income.	16	
1.H.	Increase the availability of safe, affordable housing for migrant and seasonal farm workers and their families.	Develop permanent (year round) farm worker housing.	60	
1.H.	Increase the availability of safe, affordable housing for migrant and seasonal farm workers and their families.	Develop seasonal housing for migrant farm workers.	300 beds	
1.H.	Increase the availability of safe, affordable housing for migrant and seasonal farm workers and their families.	Provide emergency shelter for migrant farm workers.	1,000 bednights	

Obj No.	Specific Objectives	Performance Measure	Expected Units	Actual Units
	Rental Housing Objectives			
2.B.	Increase the opportunities available to very low-income, homeless and special needs households to achieve stable, affordable housing.	Provide rent assistance to households at 30 percent or below of the area median income.	710 households	
2.B.	Increase the opportunities available to very low-income, homeless and special needs households to achieve stable, affordable housing.	Provide rent assistance to households at 31 to 50 percent of the area median income with rental assistance.	90 households	
2.B.	Increase the opportunities available to very low-income, homeless and special needs households to achieve stable, affordable housing.	Provide rent assistance to households who are homeless or have special needs and are at 0 to 50 percent pf the area median income.	240 households	
	Owner Housing Objectives			
2.G.	Promote homeownership opportunities statewide for people at or below 80 percent of the median income.	Assist households at 51 to 80 percent of the area median income to become first time homebuyers.	36 households	
2.G.	Promote homeownership opportunities statewide for people at or below 80 percent of the median income.	Assist households at 0 to 50 percent of the area median income who are disabled become first time homebuyers.	4 households	
2.G.	Promote homeownership opportunities statewide for people at or below 80 percent of the median income.	Assist minority households at 0 to 80 percent of the area median income become first time homebuyers.	14 households	
1.G	Fund and promote investment in home energy conservation and other sustainable building practices that preserve affordable housing and conserve local and state resources.	Preserve owner-occupied single family homes for households at 30 percent or below of the area median income.		
1.G	Fund and promote investment in home energy conservation and other sustainable building practices that preserve affordable housing and conserve local and state resources.	Preserve owner-occupied single family homes for households 31 to 50 percent of the area median income.	100	
2.F.	Strengthen local capacity to maintain affordable home ownership.	Provide mobile home park homeowners at 80 percent or below of the area median income with relocation assistance.	6 to 10	

Obj No.	Specific Objectives	Performance Measure	Expected Units	Actual Units
	Community Development Objectives			
1.C.	Foster comprehensive planning and funding for infrastructure and amenities to achieve Growth Management goals and attract economic investment.	The CDBG Program will maintain or exceed an annual 1:1.85 leveraging ratio with funds or resources from other sources.	1:1.85 leveraging ratio	
1.C.	Foster comprehensive planning and funding for infrastructure and amenities to achieve Growth Management goals and attract economic investment.	Increase the average Need/Capacity/Readiness Ratio score of CDBG General Purpose Grant and Community Investment Fund applications from 78 in 2004 to 80 in 2005.	Ration score of 80	
1.D.	Improve the ability of small communities to secure funding and effectively manage capital projects.	Based on historic funding trends and proposed funding allocations, CTED anticipates funding and managing about 67 CDBG projects, as listed by fund in the 2005 Action Plan.	67 CDBG projects	
2.C.	Increase the capacity of communities to serve low-income individuals and families who do not have the resources to meet their needs.	Approximately 90% of CDBG funds will be awarded to projects that principally benefit low- and moderate-income persons.	90% overall LMI benefit	
1.C.	Foster comprehensive planning and funding for infrastructure and amenities to achieve Growth Management goals and attract economic investment.	Fund and manage at least 22 planning grants.	22 planning projects	
2.E.	Protect public health and safety by requiring and funding a safe and healthy built environment.	Complete an assessment of the appropriate fund allocation level for CDBG Imminent Threat Grant.	2 urgent need projects	
3.A. 1.D.	Promote and preserve Washington's cultural and natural assets.	Fund at least 7 projects listed as a top three priority on the county's WACERT lists.	7 projects	
	Infrastructure Objectives	(included above)		
	Public Facilities Objectives	(included above)		
	Public Services Objectives			
2.C. 2.B.	Increase the capacity of communities to serve low-income individuals and families who do not have the resources to meet their needs.	Fund and manage at least 10 public service grants.	10 public service projects	

Obj No.	Specific Objectives	Performance Measure	Expected Units	Actual Units
	Economic Development Objectives			
1.B. 1.E. 1.E. 1.F. 2.D.	Build local capacity to ensure community leaders and economic development professionals are well trained, networked and have access to sound community and economic data.	Complete an assessment of local revolving loan funds and establish performance measures for 2006-2009.	To be determined	
1.E.	Make strategic investments to finance infrastructure that increases the feasibility of sites for proposed or desired commercial and industrial development.	Issue at least \$1.5 million in new Rural Washington Loan Fund loans.	\$1.5 million	
2.D. 1.E.	Advance the educational and economic opportunities of low-income and vulnerable families in Washington State.	Measure the number of jobs created/retained at or above the county average wage for the counties in which loans are made, and set a target goal of more than 50% of jobs created/retained at or above the county average wage.	To be determined	
1.D.	Improve the ability of small communities to secure funding and effectively manage capital projects.	Increase the amount of float loans outstanding to at least \$5 million.	\$5 million in outstanding float loans	
1.E.	Make strategic investments to finance infrastructure that increases the feasibility of sites for proposed or desired commercial and industrial development.	Issue at least \$5 million in new HUD Section 108 loans.	\$5 million in Section 108 loans	
	Other Objectives			
1.C.	Foster comprehensive planning and funding for infrastructure and amenities to achieve Growth Management goals and attract economic investment	CDBG staff will participate in CTED's multi-program Resource Team on a semi-monthly basis, ensuring coordination with other CTED specialists in such areas as economic development, tourism, energy, international trade, growth management and historic preservation.	Approx. 24 meetings	
1.C.	Foster comprehensive planning and funding for infrastructure and amenities to achieve Growth Management goals and attract economic investment	Offer at least 2 CDBG Grant Management Workshops, with one on the eastside and one of the westside of the state.	2 workshops	

Antipoverty Strategy

Poverty in Washington State

According to 2000 Census data, 10.6 percent of the state's population, 612,370 people, were living in poverty--lower than the national rate of 12 percent. As for children living in poverty, Washington's child poverty rate fell from 14.5 percent in 1989 to 13.7 percent in 1999. But due to population growth, an additional 23,619 children lived in poverty in 1999 than in 1989. Older adults were substantially better off than nationally. Their poverty rates declined from 9.1 to 7.5 percent. This decrease was great enough to offset population growth in this age group and the number of older adults living in poverty declined by 1,542.

According to the publication, *Washington Counts in the 21st Century*, the counties in Washington State varied greatly in poverty rates and trends. Considering the percent of the population living in poverty, Washington counties may be classified into three categories in terms of change between 1989 and 1999:

1. Counties that experienced declining rates and declining numbers living in poverty;
2. Counties that experienced declining or stable rates but increasing numbers living in poverty;
3. Counties that experienced both increasing rates and number of persons living in poverty.

Of Washington's 39 counties, only five rural counties were in the first category. With 22, most of the counties fell into the second category. Finally, 12 counties fell into the last category, including the state's two wealthiest counties in terms of median income: King and Snohomish Counties. Counties in western Washington generally fared better in terms of poverty rates than those in eastern Washington, where the majority of counties have at least 15 percent or more of their populations living in poverty.

Existing Anti-Poverty Programs and Policies

WorkFirst, Washington's welfare reform program, began in 1997. It is jointly administered by four state agencies: Department of Social and Health Services; the Employment Security Department; State Board for Community and Technical Colleges; and the Department of Community, Trade and Economic Development. The WorkFirst program requires parents receiving Temporary Assistance for Needy Families (TANF) to seek, prepare for and accept employment. Families receive support through employment services, job training, and help with childcare, transportation, clothing and other work-related costs. The vast majority of families receiving TANF are single mothers with children.

Since 1997, welfare caseloads in Washington have declined as WorkFirst has helped welfare recipients become employed. The state has cut the cost of welfare grants by half, saving \$250 million per year. Those savings are being reinvested into services working families need most to stay employed and get ahead. Specifically, Washington has tripled the funds available to help struggling families afford childcare, and increased funds for job training and tuition assistance by 80 percent. However, beginning in 2003, welfare caseloads have ceased declining and have begun edging upwards.

Along with WorkFirst, there are a number of other anti-poverty programs that provide support services to low-income families, including emergency food assistance, early education and childcare programs, energy assistance, and a variety of housing programs. The extent to which these services are coordinated with each other or with WorkFirst programs varies from one program to another.

In addition to the number of families existing on TANF, there is a substantial portion of the population just slightly above the poverty level. These “at risk” families present a significant challenge to local communities because of the strain they place on the social services network.

Some of the greatest barriers that low-income families continue to face in finding and retaining employment are transportation, particularly in rural areas; lack of childcare, especially for people that work nights and weekends; and affordable housing. Other challenges include job readiness and the ability to find jobs that offer career ladders.

In order to overcome poverty, it takes more than just a job. Low-income families need jobs that provide a living wage and opportunities to move up in the world. It is essential that, in addition to income, they are able to obtain the skills, support services, and assets that will enable them to advance economically.

The Role of Housing in Reducing Poverty

Housing stability is an important factor in the success of low-income families as they attempt to transition from welfare to self-sufficiency. It is difficult for people to find and retain employment, or to succeed in school, when they don’t know where they will be living from one month to the next, or if they are living in unsafe conditions. A report issued by the Center on Budget and Policy Priorities, *The Value of Housing Subsidies to Welfare Reform Efforts*, indicates that “welfare reform was found to have a larger effect on employment and earnings among families receiving housing subsidies than among other families in the study.” The findings suggest “that housing subsidies may be useful in helping families make the transition from welfare to work..” The report identifies three factors that help to explain these findings:

- By making housing more affordable, housing subsidies may help to stabilize the lives of low-income families and thereby improve their ability to secure and retain jobs.
- By reducing housing costs, housing subsidies can free up funds within the budgets of low-income families for work-related expenses, such as childcare, work clothes, and transportation.
- Housing subsidies can help families move to areas with greater job opportunities.

Studies have also found that children’s health is impacted. Children living in substandard housing are more likely to suffer from asthma, respiratory disease, lead poisoning, and other health problems related to their housing conditions. They are also more likely to be malnourished. A parent that frequently misses work due to children’s illness has a difficult time retaining a job. Housing assistance can also remove victims of domestic violence from dangerous living situations that impact their ability to find or retain employment.

Through homeownership assistance, low-income families attain an asset that will enable them to advance even further towards economic self-sufficiency. Homeownership provides stability, instills pride, and increases self-esteem. Homeowners are more likely to maintain their homes and get involved in communities, resulting in improved neighborhoods and communities.

Strategies to reduce the number of families in poverty

Building on CTED’s Strategic Plan, the following objectives and strategies are established to reduce the number of families in poverty:

Table II-3: Antipoverty Strategies

GOAL 2: ADVANCE THE HEALTH, SAFETY AND SOCIAL WELL-BEING OF FAMILIES AND COMMUNITIES
<p>Objective C: Increase the capacity of communities to serve low-income individuals and families who do not have the resources to meet their needs.</p> <p>Strategy 1): Link WorkFirst Local Area Planning and HUD Continuum of Care planning so that housing and services for homeless families with children are coordinated.</p> <p>Strategy 2): Encourage the participation of public housing authorities in WorkFirst Local Area Planning partnerships, including activities such as case staffing, coordinating responses for clients/renters in sanction, using PHA facilities as learning centers for job readiness, and proving housing-based employment.</p> <p>Strategy 3): Provide technical assistance to Local Area Planning groups that have significant housing barriers so that communities can access Housing Trust Fund and other housing resources.</p> <p>Strategy 4): Link Community Jobs and other subsidized employment work experiences to nonprofit housing organizations.</p>
<p>Objective D: Advance the educational and economic opportunities of low-income and vulnerable families in Washington State.</p> <p>Strategy 1): Prioritize projects that provide employment opportunities for low-income families.</p> <p>Strategy 2): Support local efforts to attract employers that will provide career ladders for low-income families.</p> <p>Strategy 3): Provide funding for services that support the continued employment of low-income persons, including transportation, childcare and other support services.</p> <p>Strategy 4): Provide funding for job training and counseling services, particularly for those that are hardest to employ.</p> <p>Strategy 5): Provide funding for nonprofit business enterprises that will provide training and employment for the hardest to employ.</p> <p>Strategy 6): Invest in strategic leveraging opportunities to link WorkFirst and economic development activities.</p> <p>Strategy 7): Assist local agencies to provide a Community Jobs program for TANF parents that uses community work experience to develop the essential skills needed to enter unsubsidized employment.</p>

Institutional Structure And Governmental Coordination

Introduction

The housing delivery system is a continuum. Historically the private sector provided housing for people in all income categories. Today, for those with moderate- and middle-incomes, housing is delivered by the private sector without substantial government subsidy beyond the tax advantages of homeownership.

For people of very low-income (below 50 percent of median income), the public sector has taken the responsibility to provide substantial subsidies. For people of low-income (below 80 percent of median income), the public sector provides shallower subsidies, often in cooperation with the private sector. In the moderate-income category (below 100 percent of median income), shallow and indirect subsidies are used to support the private sector delivery system. In the middle-income category (120 percent of median) and above, the private sector is the primary housing delivery system.

Washington's current delivery system includes direct subsidies and tax-driven programs for the low-, moderate- and middle-income categories of the income spectrum.

Federal, state and local governments play a variety of roles in this system, from direct financing of rehabilitation and new construction, to providing direct subsidies, such as rental assistance, weatherization, and other income transfer devices, and indirect subsidies, such as tax deferrals and benefits. Governments also play roles in real estate finance, secondary market insurance, regulation, information and consumer protection. Government has a role in research and development to promote innovation and the use of new technology. And finally, governments have a role in planning to promote competition and choice.

The housing delivery system and its resources are best understood in terms of the housing programs and the institutional structure through which those programs are implemented. The housing delivery system's success is ultimately measured by whether it produces enough units so that all people actually have decent, affordable housing.

Public Institutions

The Federal Role in Housing

The federal government provides significant funding for housing programs in the state of Washington. These include HUD programs such as HOME, ESGP, Section 8, McKinney-Vento, CDBG, HOPWA, and programs of other federal agencies including the Department of Health and Human Services and the Department of Energy.

By far the greatest federal subsidy is the federal income tax mortgage interest deduction available to homeowners. This subsidy goes predominantly to middle- and upper-income households.

The State Role in Housing

State legislation continues to expand the role of Washington State in housing. In 2003, the legislature appropriated an \$80 million housing assistance package for the 2003-2005 biennium which includes a \$9 million set-aside for weatherization, an \$8 million set-aside for housing for farmworkers, a \$5 million set aside for housing persons with developmental disabilities, \$5 million for homeless families with children, \$2 million for self help housing and \$1 million set aside for domestic violence shelters. The legislature

and the Governor set the role of the state in the housing delivery system. The Department of Community, Trade and Economic Development's Housing Division and the Washington State Housing Finance Commission assist in the development of that role and, ultimately, implement the programs created to meet the housing needs of Washington State.

The Department of Community, Trade and Economic Development

The purpose of the Department of Community Trade and Economic Development includes providing financial and technical assistance to communities and providing communities with “access to opportunities for productive and coordinated development beneficial to the well being of the communities and their residents” (RCW 43.63A.030). In the 1993 Washington Housing Policy Act, CTED was named the principal state agency responsible for coordinating federal and state resources and activities in housing except for WSHFC programs. It also has the responsibility to staff the Affordable Housing Advisory Board (AHAB) established in the Housing Policy Act.

The Housing Services Division of CTED

The Housing Services Division of CTED is the backbone of the Washington State housing delivery system. The Housing Division has the following responsibilities:

- Provides information, education, problem solving and technical assistance;
- Facilitates communication and promotes partnerships among the many entities related to housing issues;
- Packages and leverages a variety of federal, state and dedicated resources and services to produce comprehensive, cost effective, innovative housing solutions;
- Administers financial resources to service providers;
- Develops and operates housing programs to meet low-income and special needs; and
- Exercises leadership in addressing key issues that will strengthen statewide housing programs.

CTED also provides housing-related financial and technical assistance to non-profit organizations, individuals, cities, and counties throughout the state.

Through its programs and policies, CTED plays many roles, but sees its primary role as a “local capacity builder,” enabling non-profit organizations and local governments to meet the needs for low-income and special needs housing in their communities”.

Major Strengths and Accomplishments of the Housing Division

- Administers the Housing Trust Fund and other capital budget appropriations as flexible sources of funding for low-income housing development.
- Developed programs to finance housing for farm workers, homeless families, people with developmental disabilities and self help housing
- Assisted in the passage of an \$80 million capital budget for housing for the 2003-2005 Biennium.
- Provides a state forum for housing, including advisory groups, workshops and conferences around the state.
- Provides federal and state funded weatherization and repair throughout the state and leveraged approximately \$10 million biennially from Washington utilities and other sources for energy conservation improvements.

- Developed lead-based paint accreditation, certification, and enforcement program for businesses and non-profits that perform work in housing with lead-based paint.
- Administers manufactured housing services, including a state ombudsman program, relocation assistance, federal regulatory responsibilities, training, and certification of manufactured home installers and other consumer education programs.
- Developed a manufactured home placement tracking system to improve the quality of installation. Conducted hearings, obtained stakeholder feedback and wrote Washington Administrative Code to include a fee-based system that provides technical assistance and education and formalizes the responsibility between the installer and the homeowner.
- Passed 2002 legislation that established a stable source of the Relocation Assistance fund for homeowners evicted when mobile home parks are closed due to development.
- Provides operating assistance for homeless shelters, transitional housing and housing projects for extremely low-income households statewide.
- Completed a number of reports, studies, and documents to inform decision makers on housing, including statewide and community housing needs studies, studies on regulatory reform, a plan for Homeless Families with Children, and estimates on federally-subsidized households at risk.
- Manages federally funded housing programs, including the HOME program, McKinney-Vento programs and weatherization programs.

The Local Government Division of CTED

The Local Government Division (LGD) administers the Washington State Community Development Block Grant (CDBG) program. LGD strives to make the program responsive to local community development needs of low- and moderate-income populations. In fiscal year 2003, housing projects and needs assessments represented about twenty percent of the total funds awarded. Eligible housing activities include rehabilitation of rental and owner-occupied units; off-site infrastructure improvements for new housing construction; acquisition of property for the development of housing for low- and moderate-income households; and loan guarantees to finance a range of activities eligible under the CDBG program, including housing.

Eligible applicants for the Washington State CDBG program are cities and towns with less than 50,000 in populations or counties with less than 200,000 populations, provided the cities, towns, and counties do not participate as members of HUD's Urban County Consortiums.

Major Strengths and Accomplishments of the Washington State Community Development Block Grant (CDBG) Program

- From January 2000 to June 2004, the state CDBG Program has provided over \$75 million to 249 projects located throughout the non-entitlement areas of Washington State. All of these projects maintain and enhance the viability of the recipient communities. The 249 projects leveraged \$90 million in other funds and benefited over 1 million people.
- From January 2000 to June 2004, the state CDBG Program has granted \$9.8 million for 22 housing rehabilitation projects that will directly benefit 2,273 low- and moderate-income households, which equates to 5,451 low- and moderate-income persons. The 22 projects leveraged over \$9.4 million in other funds.
- From January 2000 to June 2004, CDBG Planning-Only Grants totaling \$286,500 have been used to assist 11 eligible jurisdictions to undertake housing needs studies and other housing related plans.

- From January 2000 to June 2004, the state CDBG Program has provided \$5.8 million to 10 jurisdictions for acquisition of property and development of infrastructure in support of housing units that will directly benefit 18,082 low- and moderate-income households, which equates to 44,888 low- and moderate-income persons. The 10 projects leveraged over \$5.8 million in other funds.
- The state CDBG Program is able to assist communities with direct support of housing activities in areas such as planning, acquisition, infrastructure, side sewer/water/electrical connections, and rehabilitation.
- Since 1986, CTED's Economic Development Division has loaned over \$61 million and leveraged \$204 million in additional private investment for economic development projects, which indirectly support housing activities through job retention and creation. These funds have assisted in the retention or creation of over 5,100 jobs, of which 2,666 are held by low- and moderate-income persons.
- The state CDBG Program has the ability to fund projects that address a serious, immediate, and unanticipated threat to public health or safety.
- State CDBG funds provide for public service activities such as, but not limited to, childcare, drug abuse counseling, fair housing issues, emergency shelter and services for homeless people.

The Economic Development Division of CTED

The Economic Development Division facilitates leadership with and among local leaders to attract, retrain and expand economic activity throughout the state of Washington. Business Finance Unit staff in CTED's Economic Development Division administers the CDBG-supported economic development loan funds, including the Section 108 Loan Guarantee Program, the Rural Washington Loan Fund and Float-Funded Activities Program. These programs seek to create or retain jobs that principally benefit low- and moderate-income persons and improve the economic vitality of rural communities across the state.

The Community Services Division of CTED

The mission of the Community Services Division is to strengthen the health, safety, self-reliance and economic vitality of individuals and families by building community partnerships to provide service and advocacy. The Community Services Division works through community-based organizations to empower low-income families and individuals to meet basic needs and attain self-sufficiency. The Community Services Block Grant program includes funding for emergency services. A portion of these funds is earmarked for homelessness prevention and client assistance provided by community action agencies. This Division also administers low-income home energy assistance programs, a program for providing emergency food assistance and a program for early childhood education.

WorkFirst

CTED is one of four state agencies responsible for administering WorkFirst, the state's welfare reform program, which was established by Governor Locke in 1997. The other state partners are the Department of Social and Health Services (DSHS), Employment Security Department (ESD) and the State Board for Community and Technical Colleges (SBCTC). At the local level, additional partners are involved, including tribes, employers, and community-based organizations. In each region of the state, these partners meet regularly to review local progress toward WorkFirst performance targets and to develop

annual “local area plans.” CTED is responsible for facilitating this local area planning process. In addition, CTED manages a variety of programs that help recipients of Temporary Assistance to Needy Families (TANF) transition from welfare to work, as well as assisting the businesses that employ them.

The Community Jobs program provides transitional community-based employment and training opportunities for hard-to-employ WorkFirst participants with significant challenges to entering the regular job market. The Social Enterprise program creates transitional skill-building jobs through the development of social mission-driven business ventures owned and managed by nonprofit organizations. Through the Business Outreach and Employer Assistance programs, CTED involves businesses in WorkFirst, helping them to recruit, retain and advance low-income individuals. The Individual Development Accounts (IDA) program rewards working-poor families’ by matching their savings so that they can purchase an asset that will help them advance economically, whether it’s their first home, a small business, or post-secondary education.

The Washington State Housing Finance Commission

The WSHFC is a self-supporting agency created in 1983 to issue tax-exempt non-recourse revenue bonds and participate in federal, state, and local housing programs. In 1987, the Commission was designated the state’s allocating agency for the Low-Income Housing Tax Credit Program. In 1990, the Commission’s authority was expanded by the Legislature to finance nursing homes and non-profit-owned cultural and service facilities. Through its issuance of 501(c) 3 bonds, tax-exempt bonds, and allocation of Low-Income Housing Tax Credits, it brings affordable investment dollars from capital markets to help provide housing and nonprofit capital facilities throughout the state.

As a publicly accountable agency, its mission is to be a self-supporting team dedicated to increasing housing access and affordability and to expanding the availability of quality community facilities for the people of Washington. The Commission achieves this by partnering with nonprofit organizations, developers, capital investors, the banking community, and state and local government. Households typically assisted by the Commission’s first-time homebuyer programs are in the 70 percent to 115 percent of median income range, with approximately half of the borrowers earning less than 90 percent of the state median income. Renter households benefiting from bond or tax-credit programs have local median incomes ranging from less than 30 percent on up.

The Commission currently operates 12 separate programs administered by the Homeownership, Capital Projects, Compliance and Preservation and Tax Credit Divisions.

Other State Agencies and Organizations

Other state agencies, such as the Department of Social and Health Services, provide housing assistance through housing subsidies to individual clients as well as funding services to clients in private and publicly owned housing. DSHS operates the state’s human services programs and the Temporary Assistance to Needy Families (TANF) program. DSHS works closely with CTED to develop and update the Homeless Families Plan and to coordinate services for housing for people with developmental disabilities and other special needs housing that is financed by CTED. During 2004 DSHS and CTED co-sponsored a Policy Academy on chronic homelessness in conjunction with several federal agencies.

The Washington Center for Real Estate Research of Washington State University conducts research and market analysis on housing and other real estate. WCRER develops and maintains a statewide housing

market database that compares values, rents, vacancies and expenses in major markets and issue semi-annual reports.

Coordination and the Housing Agenda

The need for better coordination and communication among the state agencies that play a role in the housing delivery system has been as a critical issue at the state level. CTED and representatives from other state agencies whose work impacts the housing delivery system agree that they must work together to improve the access to affordable housing for Washington residents and have made an effort to improve communication and coordination. CTED invited these other agencies to participate in identifying priorities and strategies during the development of this Consolidated Plan, and will continue to involve them in future planning efforts.

Local Government

Local governments' responsibilities in the housing delivery system have been vastly expanded. The traditional housing roles of local government in Washington have been expanded with the Growth Management Act (GMA). Comprehensive planning is now required for 246 jurisdictions. The GMA sets a state framework and timelines for new plans to be developed, along with consistent regulations to implement the plans,

Significant features of comprehensive plans under GMA are that they are locally developed and initiated within the state framework. The state provides some guidance, technical assistance, mediation, and funds to support the local planning effort. The provision of funds is essential to success. The principal responsibility for making the difficult decisions rests with local elected officials. The basic tenet is one of trust—trust in local officials' willingness and ability to step up to the challenge.

Local governments have also taken on direct funding of low-income housing. Communities are spending general fund dollars and passing levies and bond issues to support rehabilitation and new construction.

Specific factors addressing housing and housing affordability within the GMA include:

- Strong goals encouraging housing affordability to all economic segments of the state's population, including a variety of types and densities; preservation of existing stock; calling for timely and fair processing of permits to ensure predictability; encouraging development where adequate public facilities and services exist or can be provided; and, controlling the inappropriate conversion of undeveloped land into sprawling, low-density development.
- Requirement that local governments designate urban growth area (UGAs) where development can be served by adequate public facilities in an efficient manner. Urban growth areas must include an adequate land supply to accommodate future population growth.
- Requirement that new local comprehensive plans include a housing element which includes the identification of sufficient land for a broad range of housing types, including those historically difficult to site.
- Requirement that local development regulations and capital improvement plans are both consistent with, and implement, the comprehensive plan.

- Requirement that on a countywide basis, local jurisdictions develop and adopt a set of planning policies on region-wide issues to guide the development of individual plans. Housing policies that consider the need for affordable housing for all economic segments of the populations and parameters for its distribution must be included.
- Provision of a state role in establishing the parameters for local comprehensive plans and a method for the state to challenge local plans that fail to meet the requirements of the GMA. Independent growth planning hearing boards are established to provide a forum for timely resolution of disputes as an alternative to court challenge.
- Requirement that local governments identify and protect environmentally sensitive lands (critical areas) and valuable resource lands up front so that urban area designations can factor in their impact on land availability, as well as providing predictability and certainty to the development community.
- Requirement that local governments' plans and those of adjacent jurisdictions be consistent and, that subsequent development regulations and actions be consistent with the plans.
- Requirement that all jurisdictions ascertain that adequate water is available before residential building permits are issued, and assure that adequate public facilities will be provided before approving any residential subdivision. These two new provisions apply statewide and are in effect now.

Public Housing Authorities (PHAs) in Washington

Public housing authorities are units of municipal government. In 1939 state law prohibited each city, town, and county to create a housing authority to serve its own political subdivision. They became active when the governing body adopts a resolution declaring a need in the local community, and the elected executive appoint the commissioners, thereby establishing the housing authority as a municipal, non-profit entity. Today there are at least 36 active housing authorities across the state.

Housing authority powers include: the ability to develop, own and manage housing; to develop housing through partnerships and joint ventures; make loans to non-profit and for-profit housing developers; issue tax-exempt and taxable bonds to fund such loans as well as finance their own housing; investigate and study housing conditions to make recommendations concerning improvements; acquire property for "housing projects" through the power of eminent domain. Property owned by housing authorities is exempt from all taxes or special assessments.

Historically, the main business of housing authorities was the development and management of housing built with federal resources and the administration of a federal rent subsidy program for privately owned housing to assist low-income individuals and families. Initially, public housing was to be an interim solution for families that temporarily were low-income, and included housing for workers in the World War II defense industries.

The role today is somewhat different. It results from changes in federal policy and the prioritization of resources. The majority of the households who live in public housing today have incomes well below 50 percent of median, below even 30 percent of median. Increasingly, households need supportive services to attain independence. A large number of frail, elderly people and single individuals with disabilities live in housing authority units. The latter often are mainstreamed into the community from institutional settings, many with inadequate support. Families need assistance, too. Many households are headed by

single parents who often lack education or job skills. Families face issues like the short supply of childcare, domestic violence, and the decline of real income.

During the last 20 years, as local governments began to invest their resources in housing, housing authorities entered into creative partnerships with private, non-profit agencies, and local governments. The purpose was twofold; increase the supply of affordable housing, and address some of the issues identified above.

Today housing authorities wear many hats; housing developer and manager, including manager of privately-owned housing; administrator of federal and local rent subsidy programs for privately-owned housing; land-use planner; coordinator of social services; provider of special needs housing including emergency shelters, transitional housing, and congregate care facilities; administrator of weatherization programs; single-family mortgage lender for both housing rehabilitation and first-time homebuyer programs; and multi-family lender to non-profit and for-profit developers.

Several housing authorities, including Vancouver, Pierce County, Tacoma, and Seattle, have set up 501 (c) (3) non-profit corporations. The primary advantages cited included taking advantage of federal programs not available to public housing authorities, gaining operational flexibility by avoiding onerous regulations, and generating resources that can be used to offset losses in federal programs.

The Seattle Housing Authority, the King County Housing Authority and the Tacoma Housing Authority have all received HOPE VI funding from HUD for several large public housing projects. CTED's Housing Division is an investment partner in most of these HOPE VI projects.

Cooperation and Coordination Between the State and Local Governments

During the development of the 2004 Consolidated Plan, CTED sponsored a series of community forums to solicit input on local housing needs and priorities, and to provide an opportunity for coordination in the development and implementation of the state's housing strategies. Local governments were invited and encouraged to participate in this process.

CTED is coordinating with local governments on such specific housing issues as planning and administration of state HOME funds awarded to Participating Jurisdictions, public funders forums to coordinate investments of local, state and federal housing development funds, lead-based paint and implementation of Title X, the Residential Lead-Based Paint Hazard Reduction Act of 1992 and Section 7 of the Endangered Species Act.

Planning requirements and, specifically, the GMA, require cooperation and coordination among regions and between local and state governments.

The Affordable Housing Advisory Board

A key role in achieving the state's housing agenda and coordinating housing strategy is carried out by the Affordable Housing Advisory Board (AHAB) which is authorized under the state's Affordable Housing Policy Act. Its principal function is to analyze and recommend programs to achieve the state's housing goals and is directed by RCW 43.185B.040 to prepare and update a five-year housing advisory plan. The purpose of the plan is to document the need for affordable housing in the state and the extent to which that need is being met through public and private sector programs; to facilitate planning to meet the affordable housing needs of the state; and to enable the development of sound strategies and programs for affordable

housing. A draft of the 2005-2009 AHAB plan is appended to this Consolidated Plan. AHAB also provides a focal point for increased cooperation between state agencies, local government, public housing authorities, private lenders and housing developers.

Private Industry

Private Developers

Private for-profit developers are critical to the health of the housing delivery system. They have historically provided well over 90 percent of all housing in the state. Where private developers have been able to make money in the housing markets, they have been able to supply an adequate amount of affordable housing to working families. Ensuring that private developers continue to fill their vital role is an important part of the Washington State housing delivery system.

As costs have risen, the gap between what is affordable and what the private market can produce has grown. Several structures have been developed to fill this gap. Some are the programs of the WSHFC discussed earlier. Others have been organized by lending institutions around the state and are discussed below.

Financial Institutions and Corporate Activities

The impact of changes to the National Community Reinvestment Act (CRA) has been felt in Washington State. Several private lending institutions have made significant contributions to the state's housing delivery system through their CRA programs and their cooperation with state financing programs. Lenders in the state have organized the Washington Community Reinvestment Association (WCRA), a non-profit consortium of lenders to finance affordable housing. Member banks pledge funding to a loan fund for affordable rental housing.

Many private lenders in the state also provide market rate debt financing for low- and moderate-income housing projects. Although these lenders have not been able to price loans at a rate, which allows for the development of low- and very low-income housing by this financing alone, many projects financed through the state's Housing Trust Fund programs have leveraged funds using conventional loan products. Many private lenders have also successfully participated in the programs of the WSHFC and provide both construction and permanent loans for both bond financed and tax credit projects throughout the state.

The Federal Home Loan Bank provides member banks with wholesale financing and provides housing subsidies from Affordable Housing Program and Community Investment Fund for low- and moderate-income projects.

Non-Profit Developers and Capacity Builders

Without non-profit developers, much of the low- and very low-income housing in the state would simply not be built. The role of these organizations cannot be overstated. The efforts of the Washington Low-Income Housing Alliance, a statewide lobbying organization, were crucial to the passage of the 2003-2005, \$80 million capital budget for affordable housing programs. In Spokane, various organizations have established the Spokane Low-Income Housing Consortium (SLIHC). The SLIHC hired an experienced housing practitioner and together they have set about the business of increasing the capacity of non-profit organizations and church groups to develop, own, and operate low-income housing. The City of Seattle has a multiplicity of non-profit developers, organized in the Seattle Housing Development Consortium.

The Rural Community Assistance Corporation offers technical assistance in developing FmHA Self-Help Housing projects and other rural housing and infrastructure projects. Impact Capital provides technical assistance, pre-development and bridge loans throughout the state. There are also three non-profit corporations operating in the state who have been funded by HUD to provide technical assistance to Community Housing Development Organizations (CHDOs).

However, it is still true that there are fewer non-profit developers outside of the major metropolitan areas. Two exceptions are the Office of Rural and Farmworker Housing and Northwest Regional Facilitators. Increasingly, community action agencies in rural counties are also stepping in to fill this gap.

The critical issues facing all non-profit developers are sources of funding for operating costs, seed money needed for pre-development costs, and access to the technical assistance needed to do development. For the new non-profit housing organizations that will form to develop housing outside the metropolitan cores, and for existing agencies that are expanding their mission to include housing development activities, technical assistance and capacity building, operating and pre-development funds will be critical.

Low Income Housing Tax Credit

The Washington State Housing Finance Commission is the designated authority for allocating Low Income Housing Tax Credits in the state of Washington. The Commission has a Qualified Allocation Plan that provides guidance on how the Commission will administer the program, what priorities and preferences exist and what specific criteria are considered for awarding credit to projects. Any modification to the QAP is subject to public hearing prior to adoption by the Commission and approval by the Governor. The Commission has established credit set-asides for nonprofit organizations, for-profit developers, rural projects and projects financed by the Rural Housing Service of USDA.

The Commission works in close partnership with CTED and other public funders as they evaluate and underwrite applications for funding to develop low-income housing and participate on their credit committees. Commission staff are members of key CTED stakeholder committees including the Affordable Housing Advisory Board and Policy Advisory Team. The Commission also works with a group of federal, state and local government representatives to develop methods of streamlining the processing of affordable housing projects through the LIHTC and other programs. CTED's director serves as a voting member of the Commission. The following are current coordination strategies for use of the LIHTC to develop housing that is affordable to low-income and moderate-income families.

- Both tax credit projects and CTED Housing Trust Fund projects are rent and income restricted for up to 40 years.
- Points are awarded for increasing the percentage of LIHTC units set aside for lower income populations.
- LIHTC prioritizes projects in conjunction with other public funders by awarding scoring points for leveraging of public funds and readiness of projects to begin development. Points are awarded to projects with substantial funding commitments from other public sources. This allows local governments to direct their funding commitments to projects that best meet their respective funding priorities while at the same time enhancing a project's scoring for eligibility for the LIHTC.
- The LIHTC program requires consistency with state and/or local Consolidated Plans. The developer of a project must demonstrate that his or her project is in compliance with the local housing plans in the proposed project area.

- CTED and the Commission have developed a policy proposal to balance efficiently and equitably the each agency's investment in HOPE VI projects.
- CTED and the Commission collaborate on ways to use LIHTC and Housing Trust Fund resources to serve agricultural workers.
- CTED and the Commission are collaborating on ways to continue previous success in investing LIHTC and HTF funds to develop affordable housing in the rural areas of the state.

Assessment of Gaps in the Delivery System

Gaps in the Federal Delivery System

Since the 1980's, the federal housing policy has shifted away from stimulating the supply of affordable housing toward a policy of rent subsidies. Federal programs such as the LIHTC and the HOME program have not come close to equaling earlier appropriations for stimulating housing supply. In almost every arena except the home mortgage interest deduction, the federal government has reduced its role in the housing delivery system.

HUD's reliance on the provision of housing vouchers to stimulate housing supply by stimulating demand is not sufficient and one-year contracts for Section 8 project based housing are not enough. HUD's recent renewal policy (PIH 2004-7) which caps the Public Housing Authorities' Housing Assistance Payment (HAP) costs as of August 1, 2003 for the Housing Choice Voucher Program will harm low income families, along with participating property owners and local communities, and put individuals, families and housing authorities at risk in Washington State and the nation. The proposed cuts also place housing authorities in a position where they will not be reimbursed for the actual costs to operate a key homelessness program. The current federal administration has also proposed reducing Section 8 funding in Washington State by \$35 million in 2005 and \$95 million in 2009. These proposed cuts could not be substantially addressed by other programs. The Section 8 program also plays a crucial role in the national initiative by the Interagency Council on Homelessness in conjunction with states and cities to end homelessness in ten years.

State Role in Affecting Federal Housing Actions

Federal housing program and funding decisions are often made without consulting the states on their priorities, needs, and policies. Better coordination is needed between state and federal programs. Federal agencies should consult with the state regarding state priorities, policies, needs and available resources before taking actions that significantly affect housing programs in the state.

Gaps in the State Delivery System

The Housing Trust Fund continues to be oversubscribed and causes a bottleneck in leveraging and financing low-income projects throughout the state. Demand exceeded available resources in 2004 by \$67 million or 37.3 percent. In the Spring 2004 funding round, one local public funding source was supporting nine ready to proceed projects. HTF resources were available for only three of those projects

Funding sources for meeting operations and maintenance of special needs housing and temporary housing for migrant farmworkers continues to be needed. Rent revenue in projects serving households earning less than 30 percent of the area median income is insufficient to sustain operations.

Many low- income persons need supportive services in order to be stable enough to remain in housing over the long term. Typical services include case-management, health services, addiction services,

employment services, legal services, etc. Funding for supportive services in conjunction with housing is insufficient and the funding mechanisms to connect services funding with housing need to be improved.

While significant progress has been made in increasing the supply of housing for seasonal farmworkers, there is still much to be done. A 1996 report by the state Department of Health estimated that approximately 62,300 migrant farmworker need housing at approximately 1,000 farms per year. In 2003, only 6,415 seasonal beds were licensed by DOH at 115 sites statewide. In 2000, a grant from HUD enabled CTED to implement a farmworker housing infrastructure program to provide financial assistance to growers to develop the necessary infrastructure for licensed on-farm housing. The program distributed over \$2 million to 55 growers preserving or creating 2,662 seasonal beds and leveraging over \$5.5 million in private investments. As federal funding has not been exhausted there still remains a critical need to assist grower in developing sufficient on-farm housing to meet the needs of all migrant workers.

Gaps in the Private Sector Delivery System

Coordination with state and local government regulatory structures is improving but is not yet satisfactory. Building permitting processes are frequently cumbersome and costly.

Developers and by extension their customers are being asked to pay more of the costs of infrastructure because local governments have less general fund money available and taxpayers are less inclined to pay for growth.

Gaps in the Financial Institutions Delivery System

- Financial institutions lack sufficient outreach capacity to provide technical assistance.
- Government regulations, in part, limit financial institutions' ability to finance multi-family development.
- Underwriting standards prevent financial institutions from financing housing for low-income populations without additional subsidy.
- Financing for manufactured homes continues to be a challenge because they are considered personal property. At the time of purchase, manufactured homes receive a title instead of a deed of ownership, as do traditional site-built homes. Fannie Mae continues to work with states to codify manufactured homes as real property versus personal property, which is an option that already exists in Washington State. Additional changes are needed to remove the current licensing as a vehicle and replace it with a certificate of deed or other option.

Table II-4: Strengths and Weaknesses of the Institutional Structure

	Institution	Purpose and Role	Strengths	Weaknesses
Public				
1.	Federal			
	DHUD	Major federal department funding block grant and special purpose programs for rehabilitation, new construction, tenant assistance, mortgage lending.	Major source of funds, history of program operation, network of regional and area offices to deliver services.	Has been reducing role and funding, Proposed reductions in Section 8 Program that will have severe impacts on low-income households.
2.	State			
	CTED	Major cabinet level housing agency in state. Staffs Affordable Housing Advisory Board, administers state and federal housing programs, CDBG in non-entitlement areas.	Major statewide funding source for development and operations of low income housing and housing for the homeless. Leader in policy development.	Need for low-income housing continues to exceed the ability to supply. Housing Trust Fund is oversubscribed by 3 times. Limited sources of operating and support services funds for extremely low- income special needs and farmworker housing.
	Housing Finance Commission	Conduit for financing; operates single and multi-family mortgage revenue bond program, affordable housing, low income housing tax credit and non-profit assistance programs.	Below market financing and tax credit programs. Self-supporting – coordinates closely with private and federal financial institutions.	Functions limited by state charter and IRS rules.
	DSHS	Primary service provider to disabled and low-income residents of the state. Many clients have housing needs.	Large client population, statewide network of offices and staff, complex and data system.	Coordination of housing activities difficult because of size of agency and regulations surrounding use of service funds. Most service funds are attached to individuals and not projects.

	Institution	Purpose and Role	Strengths	Weaknesses
3.	Local			
	Governments	Provide comprehensive planning, including housing; land use regulation, CDBG administration in entitlement areas.	Most are now planning under GMA, giving them obligations to provide affordable housing. Increasing commitment and participation in providing housing for low income households.	Many are unfamiliar with housing program development and administration; many lack capacity to manage housing programs.
4.	Public			
	Housing Authorities	Own and manage public housing, administer Section 8 vouchers, finance and develop housing with federal and non-federal funds.	Administration of rental assistance, housing management, redevelopment, finance, starting new ventures, community support	Some are too small to provide effective management, shortage of appropriate units for Housing Choice Voucher placement. Recent HUD policy changes reduce Housing Voucher reimbursement.
Private				
1.	FHLB	Provides member banks with wholesale financing; provides housing subsidies for low- and moderate-income households from the Affordable Housing Program and Community Investment Fund.	Markets member services; affordable program is noteworthy for efficiency.	Project monitoring is a new, as yet untested activity of FHLB of Seattle.
2.	Private Lenders	Provide a market rate debt financing, CRA activities to expand participation of low- and moderate-income households.	Largest single source of market rate financing.	Rising house prices in most of state limit ability of lower income households to purchase housing.
3.	Private Developers	Build market rate single-family and multi-family housing.	Largest producer of housing, greatest expertise in development process.	Profit margin discourages involvement in low- and moderate-income multi-family housing; restraints on conventional financing; not always eligible for public funds.

	Institution	Purpose and Role	Strengths	Weaknesses
Non-Profits				
1.	Technical Assistance Providers	Provide technical assistance on development of local, state and federally funded housing projects, tax credit projects, USDA and HUD preservation projects, farmworker housing programs.	Expertise in working with small organizations in urban and rural settings.	Limited funding, limited capacity of local groups.
2.	Impact Capital/LISC	Raises private corporate and public funds to stimulate low- and moderate-income housing through seed money, predevelopment, bridge loans and technical assistance.	Technical assistance, organizational training, pre-development fund.	Limited funding. Demand exceeds available resources.
3.	Housing Developers	Assist sponsors to develop and package housing projects, secure funding, and manage implementation.	Working with churches special service providers and other non-profit sponsors.	Need seed money, operating, training funds.